

SENDER WILL CHECK CLASSIFICATION TOP AND BOTTOM			
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OFFICIAL ROUTING SLIP			
TO	NAME AND ADDRESS	DATE	INITIALS
1	Executive Registry		
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	<input type="checkbox"/> ACTION	<input type="checkbox"/> DIRECT REPLY	<input type="checkbox"/> PREPARE REPLY
	<input type="checkbox"/> APPROVAL	<input type="checkbox"/> DISPATCH	<input type="checkbox"/> RECOMMENDATION
	<input type="checkbox"/> COMMENT	<input type="checkbox"/> FILE	<input type="checkbox"/> RETURN
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SECRET

DDI 725-82

25X1

Executive Registry

82-415911

3 FEB 1982

MEMORANDUM FOR: Director of Central Intelligence

FROM: Robert M. Gates
Deputy Director for IntelligenceSUBJECT: Recent Intelligence Bearing on the Dresser Drill
Bit Case

1. Action Requested: That you sign and forward the attached letter to the Secretary of Commerce. []

25X1

2. Background: Following the Soviet invasion of Afghanistan, the Dresser license, calling for the sale of a turnkey facility to produce 100,000 tungsten carbide drill bits per year, was suspended and was subsequently revoked on advice of the NSC in November 1980. By the time the license was suspended, Dresser had transferred all equipment and manufacturing technology under license control, but a training program, corrections to technical data, and start-up technical assistance had not yet been supplied. Dresser appealed to the Commerce Department to lift the license revocation, claiming the Soviets were moving ahead without Dresser assistance. (The Dresser people apparently believe that they will not receive the \$14 million due them on the contract.) []

25X1

Commerce has solicited opinions from DoD, State and DoE on whether to accede to Dresser's request; however, there was no request for an intelligence input. In late November 1981 the State Department asked for CIA's views before responding to Commerce. We told State that the Soviets already have tungsten carbide technology but added that the Dresser technology probably would enhance Soviet capability to produce an improved tungsten-based kinetic-energy penetrator for large anti-tank rounds in the long run. Recently acquired sensitive intelligence information confirms Soviet intentions to use foreign technology to improve armor-piercing ammunition; the technology is almost certainly that supplied by Dresser. []

25X1

Dresser's appeal is still pending. Commerce is still waiting for various Government Departments to present their views on the case. We have prepared the unsolicited intelligence input because we believe the recent intelligence information should be considered in Commerce's decision. []

25X1

15

Robert M. Gates

Attachment:
As Stated

25X1

SECRET

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SECRET [REDACTED]

25X1

SUBJECT: Recent Intelligence Bearing on the Dresser Drill
Bit Case

Distribution:

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1 - D/OSWR

2 - C/TTAC/OSWR

25X1

OSWR/TTAC [REDACTED] 3 February 1982

25X1

SECRET [REDACTED]

25X1

DATE:

19 Jan 82

INDEX:

82-4159

TO: DDI

FROM: DCI

SUMMARY:

Dresser Plant in Soviet Union

FILED:

INDEXER:

REMARKS:

C-140

XF L-204A